

TID 37 - Grand Avenue Redevelopment
Periodic Report
12/31/16

District Created: 1998

Authorized expenditure (excluding interest): \$23,106,000

Authorizing resolution(s): #971894, #990115, #000430, #131580

Projected TID cost recovery: 2019 (levy year)

Maximum legal life: 2025

Base property value: \$60,317,400

Completion status: Project complete

Project description

This district was created to revitalize the downtown retail and commercial district anchored by the Grand Avenue retail center.

Initially, the district was used to fund a \$2 million loan to assist the 169-room Courtyard by Marriott Hotel project at West Michigan and North 3rd Streets. This \$13,250,000 development was the first of several staged revitalization efforts for this area.

In June of 1999, the project plan was amended to assist the renovation of the former Marshall Field's building. City assistance of \$9.4 million, including \$6.4 million in City loans, was provided to help convert the project to hotel, office and retail uses as well as to restore its exterior. Major tenants include another Marriott Hotel and the American Society for Quality headquarters. ASQ has a staff of 200, and occupies 105,000 square feet on five floors of the building.

In November of 2000, the plan was amended to provide \$5 million for the renovation of the Boston Store building, upgrading the retail space and the regional offices of Boston Store's owner, Saks, Inc. This project added significant incremental value to the district, while retaining the last department store in downtown Milwaukee.

Saks sold its Boston Store unit in 2006. The new owner, Bon-Ton Stores, Inc., continues to operate the store and has increased employment at the regional offices. The store's lease expired in January 2012, and Bon-Ton management announced that it would extend its occupancy on a year-by-year basis. Unfortunately, the store at this location is not profitable.

In 2014, the City approved a \$1.2 million amendment to TID 37 to keep the Boston Store retail operation open through 2018, and maintain overall Bon-Ton Stores, Inc. employment at not less than 750 employees.

In 2016, the plan was amended to provide a \$1.9 million forgivable loan to Bon-Ton Stores, Inc. in exchange for extending their office and retail leases 10 more years until 2028, a \$750,000 façade grant for the conversion of the Grand Theater into the new home of the Milwaukee Symphony Orchestra and \$5,215,000 in various public infrastructure improvements in the area and administrative expenses.

New local owners purchased the mall in late 2015 and in 2016 will be starting the conversion of the New Arcade into offices on the 2nd and 3rd floor with a food hall on the 1st floor, as well as adding apartment units to the Plankinton Arcade.

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District incremental values have changed as follows:

Year	Incremental Value	Change
2016	\$ 81,792,700	20%
2015	\$ 68,317,600	-1%
2014	\$ 68,777,700	3%
2013	\$ 66,886,700	9%
2012	\$ 61,234,300	6%
2011	\$ 57,570,600	13%
2010	\$ 50,882,900	-36%
2009	\$ 79,767,100	32%
2008	\$ 60,421,000	-34%
2007	\$ 91,953,400	25%
2006	\$ 73,408,600	32%
2005	\$ 55,620,000	-4%
2004	\$ 57,679,600	49%
2003	\$ 38,615,900	10%
2002	\$ 35,157,400	

Expenditures - Life to Date (as of 12/31/16)

	Project Plan Budget	Appropriations	Encumbrances	Expenditures	Remaining
Administration	\$ 106,000	\$ 1,703,762	\$ -	\$ 1,698,062	\$ 5,700
Public Improvements	400,000	247,914	-	247,914	-
Grants/Loans	17,600,000	17,309,752	-	17,309,752	-
Capitalized Interest	2,190,000	3,442,493		2,521,904	920,589
Total	\$ 20,296,000	\$ 22,703,921	\$ -	\$ 21,777,632	\$ 926,289

Financing Costs – Interest Paid through 12/31/2016: \$10,233,587

Revenue/Value Performance (as of 12/31/2016)

	Projected	Actual
Property value	\$ 129,921,350	\$ 142,110,100
Incremental value	\$ 69,603,950	\$ 81,792,700
Incremental taxes	\$ 24,133,955	\$ 26,610,457
State aide	*	\$ 2,087,299

Miscellaneous Revenue through 12/31/2016: \$9,304,398

Is the project within budget? ☒ Yes ☐ No If no, explain:

Is the project on schedule? ☒ Yes ☐ No If no, explain:

Identify any significant concerns that might affect budget or schedule of this project in the future: Retention of retail space tenants, specifically the Bon-Ton Stores, Inc. regional offices is critical to insuring stability and successful outcomes in the district.